

FISCAL NOTE

SB 942 - HB 869

March 30, 2001

SUMMARY OF BILL:

- Changes the apportionment formula used to calculate the Excise tax to a fraction made up of a property factor, plus the payroll factor, *plus three times the receipts factor, all divided by five*. Under current law, net earnings for purpose of the excise tax are apportioned by a fraction made up of a property factor, plus the payroll factor, *plus twice the receipts factor, all divided by four*.
- Provides for the bill to take effect for tax years beginning on or after January 1, 2002.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$11,800,000

Increase State Expenditures - Exceeds \$100,000 One-Time

Estimate assumes:

- based on information obtained from the Department of Revenue, the total decrease in state revenues resulting from modifying the excise tax apportionment formula would be \$11,800,000.
- an increase in one-time state expenditures in excess of \$100,000 based on MIS system modification costs in the Department of Revenue.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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